

1-1 By: Murphy, et al. (Senate Sponsor - Campbell) H.B. No. 4388
 1-2 (In the Senate - Received from the House May 7, 2019;
 1-3 May 10, 2019, read first time and referred to Committee on
 1-4 Education; May 17, 2019, reported favorably by the following vote:
 1-5 Yeas 11, Nays 0; May 17, 2019, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Taylor	X			
1-8 Lucio	X			
1-9 Bettencourt	X			
1-10 Campbell	X			
1-11 Fallon	X			
1-12 Hall	X			
1-13 Hughes	X			
1-14 Paxton	X			
1-15 Powell	X			
1-16 Watson	X			
1-17 West	X			

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the management of the permanent school fund by the
 1-22 School Land Board and the State Board of Education.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Chapter 43, Education Code, is amended by adding
 1-25 Section 43.0052 to read as follows:

1-26 Sec. 43.0052. QUARTERLY REPORTS. Each quarter, the State
 1-27 Board of Education shall provide to the School Land Board a
 1-28 financial report on the portion of the permanent school fund assets
 1-29 and funds for which the State Board of Education is responsible.
 1-30 The report must include:

1-31 (1) target and actual asset allocations, by asset
 1-32 type, based on fair market value or net asset value;

1-33 (2) investment performance by asset type; and

1-34 (3) benchmarks and benchmark performances.

1-35 SECTION 2. Subchapter C, Chapter 32, Natural Resources
 1-36 Code, is amended by adding Section 32.068 to read as follows:

1-37 Sec. 32.068. QUARTERLY REPORTS. Each quarter, the board
 1-38 shall provide to the State Board of Education a financial report on
 1-39 the portion of the permanent school fund assets and funds for which
 1-40 the board is responsible. The report must include:

1-41 (1) target and actual asset allocations, by asset
 1-42 type, based on fair market value or net asset value;

1-43 (2) investment performance by asset type; and

1-44 (3) benchmarks and benchmark performances.

1-45 SECTION 3. Section 51.402(c), Natural Resources Code, is
 1-46 amended to read as follows:

1-47 (c) Notwithstanding Subsection (a), on January 1 of each
 1-48 even-numbered year, the market value of the investments [in real
 1-49 estate] under Subsections (a)(6) and (8) [this section on January 1
 1-50 of each even-numbered year] may not exceed an amount that is equal
 1-51 to 15 percent of the market value of the permanent school fund on
 1-52 that date.

1-53 SECTION 4. Subchapter I, Chapter 51, Natural Resources
 1-54 Code, is amended by adding Section 51.414 to read as follows:

1-55 Sec. 51.414. PERMANENT SCHOOL FUND LIQUID ACCOUNT. (a) The
 1-56 permanent school fund liquid account is established as an account
 1-57 in the permanent school fund in the State Treasury to be used by the
 1-58 board and the State Board of Education as provided by this section.

1-59 (b) Each quarter, the board shall hold a meeting and adopt a
 1-60 resolution to release from the real estate special fund account
 1-61 funds designated under Section 51.401 that are not being used for a

2-1 purpose listed in Section 51.402(a) and are not required for the
2-2 board's anticipated cash needs for the 90-day period following the
2-3 date of the meeting, to be deposited to the credit of the permanent
2-4 school fund liquid account in the State Treasury.

2-5 (c) The State Board of Education may invest funds in the
2-6 permanent school fund liquid account. The investments may be made
2-7 only in liquid assets, in the same manner that the permanent school
2-8 fund is managed by the State Board of Education.

2-9 (d) Investment income and realized capital gains derived
2-10 from funds in the permanent school fund liquid account shall be
2-11 deposited in the State Treasury to the credit of the State Board of
2-12 Education for investment in the permanent school fund. This
2-13 subsection does not require a deposit if the market value of the
2-14 assets held in the permanent school fund liquid account is below
2-15 cost.

2-16 (e) The State Board of Education may use funds in the
2-17 permanent school fund liquid account to pay for administrative
2-18 costs associated with implementing this section, including costs
2-19 associated with contracts for professional investment management,
2-20 investment advisory services, or custodial services.

2-21 (f) The board shall provide to the State Board of Education
2-22 in each quarterly report required by Section 32.068 the board's
2-23 anticipated cash needs for the six-month period following the date
2-24 of the report, to allow the State Board of Education to ensure that
2-25 the board's cash needs may be met as provided by Subsection (g).

2-26 (g) Not later than the fifth business day after the date of a
2-27 request of the board, the State Board of Education shall release
2-28 from the permanent school fund liquid account funds to be deposited
2-29 to the credit of the real estate special fund account in the State
2-30 Treasury in an amount requested by the board.

2-31 SECTION 5. This Act takes effect September 1, 2019.

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